

AMENDED IN SENATE JUNE 12, 2014  
AMENDED IN ASSEMBLY MAY 28, 2014  
AMENDED IN ASSEMBLY MAY 6, 2014  
AMENDED IN ASSEMBLY APRIL 21, 2014  
AMENDED IN ASSEMBLY MARCH 28, 2014  
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2649**

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**Introduced by Assembly Members Mullin, V. Manuel Pérez, and  
Gorell**  
**(Coauthors: Assembly Members Allen, Atkins, Maienschein,  
Skinner, Ting, Wieckowski, and Williams)**  
(Coauthors: Senators Block, Correa, DeSaulnier, Fuller, Hill, Roth, and  
Vidak)

February 21, 2014

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An act to add Article 9.5 (commencing with Section 389) to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2649, as amended, Mullin. Public utilities: federal facilities: electrical charges.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law relative to restructuring of the electrical services industry requires the commission to establish an effective mechanism that ensures the recovery of certain uneconomic costs for

generation-related assets and obligations incurred by electrical corporations in the transition to the restructured market (competition transition charges) and other specified nonbypassable charges. Existing law requires the commission to approve and establish standby charges and to review and adjust the standby charges to encourage the utilization of electricity generated from other than conventional power sources.

This bill would require the commission, on or before April 1, 2015, to require an electrical corporation to calculate the standby charges for military bases and facilities and privatized military housing, as specified. The bill would require the commission to require the electrical corporations to implement the above provision through advice letters submitted before April 1, 2015. ~~The bill would require, for a facility with an independent generation facility, that certain costs be applied based on the amount of electricity purchased by the facility from an electrical corporation or alternative supplier of electricity that delivers electricity through the distribution system of an electrical corporation. *require that activities undertaken on facility premises that reduce demand for an electrical corporation's supplied electricity not be subject to specified charges that would increase the facilities' costs beyond those of other customers within the rate class to which the facilities would be assigned if those activities were not undertaken.*~~

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.

This bill would be part of the act and an order or other action of the commission would be required to implement the bill. Because a violation of this bill or an order or other action of the commission implementing those provisions would be a crime, this bill would thereby impose a state-mandated local program by creating new crimes and by expanding the definition of existing crimes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 9.5 (commencing with Section 389) is  
2 added to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities  
3 Code, to read:

4  
5 Article 9.5. Federal Facilities  
6

7 389. The Legislature finds and declares all of the following:

8 (a) The United States Department of Defense provides national  
9 defense and global security that benefits Californians and  
10 California's economy.

11 (b) The United States Department of Defense facilities located  
12 in California provide more than seventy billion dollars  
13 (\$70,000,000,000) in direct spending and 300,000 jobs in  
14 California.

15 (c) The United States Department of Defense is working to  
16 achieve energy efficiency and renewable energy goals to meet  
17 both presidential and departmental directives.

18 (d) The amount of electricity that the United States Department  
19 of Defense facilities located in California seek to generate on their  
20 own premises will serve their own electricity needs and will not  
21 export electricity.

22 (e) Military bases approximate small cities in electrical load,  
23 diversity of land uses, and size.

24 (f) Given the crucial contribution of our military, California  
25 should assist military facilities in California in achieving their  
26 energy independence goals.

27 (g) The military owns and maintains its electric distribution  
28 system. Generation serving the military's own electricity load  
29 without export should not require upgrades to this distribution  
30 system. Even if upgrades are necessary, the military, not the  
31 ratepayers, will bear these costs.

32 (h) At the request of the Governor and the electrical  
33 corporations, military bases have historically demonstrated their  
34 commitment and ability to provide demand reduction management  
35 at times of grid emergencies.

36 (i) Development of additional energy facilities on military bases  
37 and military family housing will create opportunities for jobs for  
38 veterans at a time when many California service members are

1 reentering the workforce and can provide skilled workers.  
2 Established programs, such as “Helmets to Hardhats,” also provide  
3 valuable and needed transition from the battlefield to the civilian  
4 community.

5 389.3. (a) For the purposes of this article, the following shall  
6 apply:

7 (1) “Facilities” means either of the following:

8 (A) Military bases and facilities.

9 (B) Privatized military housing.

10 (2) “Independent generation facility” means an electrical  
11 generation installation located on a facility that is interconnected  
12 and operated in parallel with an electrical corporation’s distribution  
13 system, sized to offset part or all of the facility’s own electrical  
14 requirements, and that contains equipment to prevent the export  
15 of electricity to the interconnected electrical corporation’s  
16 distribution system.

17 (3) “Military bases and facilities” mean those establishments  
18 under the jurisdiction of the United States Army, United States  
19 Air Force, United States Navy, United States Marine Corps, or the  
20 United States Coast Guard.

21 (4) “Privatized military housing” means housing facilities  
22 managed by a private entity for the purpose of providing housing  
23 to active duty service members and their family members that are  
24 not individually metered for purposes of calculating electricity  
25 charges paid to an electrical corporation.

26 (5) “Standby demand” means the entire reserved capacity needed  
27 to serve the electrical load of a facility that is regularly served by  
28 the facility’s independent generation facility when that generation  
29 facility experiences a partial or complete outage.

30 (b) To the extent authorized by federal law, an operator of an  
31 independent generation facility shall notify the electrical  
32 corporation pursuant to subdivision (b) of Section 119085 of the  
33 Health and Safety Code.

34 (c) Notwithstanding the limitation on the maximum generation  
35 capacity imposed pursuant to Section 2827, an electrical  
36 corporation shall use the ~~expedited~~ interconnection process  
37 specified in subdivision (e) *or* (j) of Section 2827 and any  
38 commission order or rule implementing that provision for a facility  
39 with an independent generation facility.

1 ~~(d) For a facility with an independent generation facility, the~~  
2 ~~costs provided in Sections 330, 366.1, 367, 368, 375, 376, 379.6,~~  
3 ~~and 381 shall be applied based on the amount of electricity~~  
4 ~~purchased from an electrical corporation or alternative supplier of~~  
5 ~~electricity that delivers electricity through the distribution system~~  
6 ~~of an electrical corporation.~~

7 (e)

8 (d) On or before April 1, 2015, and to the extent authorized by  
9 federal law, the commission shall, for a facility, do both of the  
10 following:

11 (1) (A) Require an electrical corporation to calculate the standby  
12 charge for a facility that is currently subject to a standby charge  
13 based on the facility's standby demand. The standby demand shall  
14 be designated by the facility and remain at that level for a minimum  
15 of 12 months unless the electrical corporation determines that the  
16 standby demand needs to be adjusted to meet the actual demand.

17 (B) Upon an electrical corporation's determination that the  
18 facility's designated standby demand is too low and does not reflect  
19 the actual level of needed reserved capacity, over any 15-minute  
20 period or through onsite verification, the electrical corporation  
21 shall increase the standby demand to reflect the actual needed  
22 reserve capacity.

23 (C) Upon an electrical corporation's determination that the  
24 facility's designated standby demand is too high, over any  
25 15-minute period or through onsite verification, the electrical  
26 corporation shall decrease the standby demand to reflect the actual  
27 needed reserve capacity.

28 (D) If the standby demand is adjusted by the electrical  
29 corporation, another adjustment in the standby demand shall not  
30 be made for 12 months from the ~~adjustment.~~ *adjustment unless*  
31 *there are permanent or material changes to an independent*  
32 *generation on, or additional wide pendant generation has been*  
33 *installed at, the facility.*

34 (E) To the extent authorized by federal law, a facility shall notify  
35 the electrical corporation of permanent or material changes in the  
36 size, type, and operations of the facility for future adjustments to  
37 the standby demand.

38 (2) Require electrical corporations to implement the provisions  
39 of this subdivision through advice letters submitted prior to April  
40 1, 2015.

1     (⊕)  
 2     (e) Any activities undertaken on a facility’s premises that reduce  
 3 demand for an electrical corporation’s supplied electricity, such  
 4 as energy efficiency, load reduction, or independent generation  
 5 are not subject to charges assessed on electricity delivered from  
 6 the electrical corporation’s distribution system or other charges of  
 7 any kind that would increase the facility’s costs beyond those of  
 8 other customers in the rate class to which the facility would  
 9 otherwise be assigned if the ~~independent generation facility activity~~  
 10 was not ~~installed~~ *undertaken* at the facility.

11     389.5. Notwithstanding this article, facilities, at their sole  
 12 discretion, may develop eligible energy generation projects  
 13 ~~authorized pursuant to Section 2827 or 2827.1 or through an~~  
 14 ~~electrical corporation’s Generation Facility Interconnection Rule~~  
 15 ~~21, as applicable and pursuant to applicable rules and tariffs.~~

16     SEC. 2. No reimbursement is required by this act pursuant to  
 17 Section 6 of Article XIII B of the California Constitution because  
 18 the only costs that may be incurred by a local agency or school  
 19 district will be incurred because this act creates a new crime or  
 20 infraction, eliminates a crime or infraction, or changes the penalty  
 21 for a crime or infraction, within the meaning of Section 17556 of  
 22 the Government Code, or changes the definition of a crime within  
 23 the meaning of Section 6 of Article XIII B of the California  
 24 Constitution.